



State of Utah

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June 28, 2010

Rick Havenstrite
Desert Hawk Gold Corporation
8921 North Indian Trail Road, Suite 288
Spokane, WA 99208

Dear Mr. Havenstrite:

Subject: Construction Permit Amendment, Cactus Mill Copper Heap Leach Pilot Project

The Division of Water Quality (DWQ) issued a Construction Permit to Desert Hawk Gold Corporation (Desert Hawk) on January 28, 2010 for the proposed Cactus Mill Copper Leach Pilot Project. To evaluate Desert Hawk's request for a Ground Water Discharge Permit-By-Rule for this pilot project, DWQ requested a Ground Water Discharge Permit application, which was submitted on June 8, 2010 by Oren Gatten of North American Exploration, Inc. Based on our review, the permit-by-rule could not be granted because the pilot project will process more than 2500 tons of ore annually and will use chemical leaching, both of which are permit-by-rule restrictions under R316-6-2A.19 below:

19. mining, processing or milling facilities handling less than 10 tons per day of metallic and/or nonmetallic ore and waste rock, not to exceed 2500 tons/year in aggregate unless the processing or milling uses chemical leaching.

On June 16, 2010, Rob Herbert, Manager of the Ground Water Protection Section, issued a request for information to Mr. Gatten via email to complete our permit application review. On June 17, 2010, Mr. Gatten met with Woody Campbell, P.E., and Rob Herbert to discuss best available technology (BAT) for the ore pad and surge pond liner system, and the liner leak detection system. On June 23, 2010 Mr. Gatten submitted a revised Ground Water Discharge Permit Application, which included the following revised liner system design from top to bottom:

- 60-mil high density polyethylene (HDPE) primary liner,
- 200-mil Geonet leak detection layer,
- 60-mil HDPE secondary liner, and
- 12-inch clay subliner.

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Based on our review, these design changes meet BAT standards. Therefore, the design changes are hereby approved as an amendment to the January 28, 2010 Construction Permit.

If you have any questions about this Construction Permit amendment approval, please contact Woody Campbell at wwcampbell@utah.gov or (801) 536-4353. If you have questions about the status of the Ground Water Discharge Permit, please contact Rob Herbert at rherbert@utah.gov or (801) 536-4350.

Sincerely,

UTAH WATER QUALITY BOARD



Walter L. Baker, P.E.
Executive Secretary

WLB/RFH/WWC

cc: Steve Allen, BLM
Leslie Heppler, UDOGM
Tooele County Health Department
Oren S. Gatten, N. American Exploration, Inc.